

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00

SSO-00 USIE-00 INRE-00 /103 W
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O R 181417Z AUG 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC IMMEDIATE 1851

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY BUJUMBURA

AMEMBASSY DAR ES SALAAM

AMEMBASSY KHARTOUM

AMEMBASSY KIGALI

AMEMBASSY KINSHASA

AMEMBASSY LONDON

AMEMBASSY MOGADISCIO

C O N F I D E N T I A L NAIROBI 8748

E. O. 11652: GDS

TAGS: PFOR, MILI, KE, UG

SUBJ: KENYAN PETROLEUM SHIPMENTS TO UGANDA

REF: NAIROBI 8440

1. KENYAN PETROLEUM SHIPMENTS TO UGANDA ARE IN THEORY
BACK TO 100 PERCENT OF NORMAL, BUT CONTINUING TACIT
HINDRANCE BY GOK REMAINS LIKELY.

2. G.K. KARIITHI, PERM SEC, PRESIDENT'S OFFICE, INFORMED
U.S. OIL COMPANY EXECUTIVES TODAY THAT ALL RESTRICTIONS
ARE OFF. THEY CAN SHIP ALL PETROLEUM DESIRED TO UGANDA,
INCLUDING JET FUEL.

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3. WHILE THIS DIRECTIVE IS MORE POSITIVE THAN PREVIOUS WEEK'S GUIDELINES WHICH LIMITED SUPPLIES TO ABOUT 25 PER-CENT OF NORMAL, NEW DIRECTIVE WOULD GUARANTEE UGANDA ITS PETROLEUM ONLY IF TRANSPORT IS IN FACT MADE AVAILABLE BY GOK AND IF COMPANIES WILLING TO ACCEPT COMMERCIAL RISK.

4. MOST COMPANIES CURRENTLY WILLING EXTEND 30 DAYS CREDIT TO UGANDA, WHICH IS FULLY PAID UP FOR OIL AND LIKELY TO REMAIN SO GIVEN HIGH PRIORITY PLACED ON PETROLEUM IMPORTS.

5. TRANSPORT IS AVAILABLE IN THEORY. ACCORDING TO ONE AMERICAN OIL EXECUTIVE, THERE ARE PLENTY OF IDLE TRUCKS AVAILABLE IN MOMBASA AND A SURFEIT OF UNEMPLOYED KENYAN DRIVERS WILLING TO TAKE ALMOST ANY PHYSICAL RISK, INCLUDING TRAVEL TO UGANDA, TO EARN INCOME. GENERALLY, OIL COMPANIES PREFER SHIP JET FUEL BY ROAD RECAUSE, THOUGH MORE EXPENSIVE, TRUCKS CAN PROCEED DIRECTLY TO ENTEBBE, WHEREAS PETROLEUM STOCKS SENT BY RAIL MUST BE BACKHAULED TO ENTEBBE FROM KAMPALA. IT IS, HOWEVER, EASIER FOR GOK TO INTERFERE WITH REGULAR DISPATCH OF RAILWAY CARS. COMPANY EXECUTIVES PRIVATELY BELIEVE, THEREFORE, THAT GOK WILL STILL FAVOR RAIL TRANSPORT FOR JET FUEL AND WILL FIND WAYS TO ENFORCE THIS PREFERENCE. IN ANY CASE, COMPAINES SEE NO COMMERCIAL NEED FOR RUSHING SHIPMENTS OF JET FUEL TO ENTEBBE BY TRUCK SINCE, ACCORDING TO MOBIL OFFICIAL, STOCKS THERE ARE HIGH. VIRTUALLY NO RPT NO AIRCRAFT ARE BEING SERVICED AT ENTEBBE EXCEPT ONE DAILY DC-9 OF EAST AFRICAN AIRWAYS.

6. AN INDICATION THAT PARTIAL BLOCKADE MAY NOT HAVE BEEN FULLY LIFTED IS THAT OIL COMPANY OFFICIALS SAY AS OF LATE THIS AFTERNOON KENYAN RAILWAY OFFICIALS HAD NOT YET HEARD OF NORMALIZATION DIRECTIVE.

MARSHALL

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